



MEMO

To: City Council, Planning Commission

From: City Manager, Community Development Director

Date: 12212004 (recirculation of paper prepared for Council/Commission Oct 2004)

Subject: Land Use Designations, Zoning densities, Rezonings

Recommendation: Receive information, limit Residential intensification rezonings.

Discussion –

Growth - Development in Twentynine Palms, after a decade of near depression level housing starts, is returning to normal. We say this with some amusement because, although we are going to issue a little more than a 100 building permits this year, that level of development, has been referred to as a 'building boom.' A building boom is characterized by a growth rate that is greater than 4 - 5%. Our current growth rate is in the low moderate range of 1 ½ %. This less than 2% growth rate would not ordinarily be remarkable if it were not for the preceding decade in which the City's building activity, except for rehabilitations, was nearly negligible.

In conversation with some members of the community we have noted that some have talked about development pressures. The City's General Plan is agile and supportive of changes in conditions or rates of growth. It looks far and facilitates growth within the planning area. The General Plan's Land Use Element lays out a variety of land use in anticipation of growth. A foresightful, clear and serviceable general plan is the best method of managing growth as it occurs. The City's General Plan, Development Code and other policies can respond to the various rates of growth.

In the near term the state economy is recovering from the Silicon Valley implosion and recession of April 2000, and from the collapse of financial institutions after 9/11. These market forces impacted the stock market and many Californians examining their hard hit and value depleted mutual funds, IRA's, 401k's, elected not to retire. The statewide slowing in the economy was buoyed by a home market that was in part kept vital by low interest rates and population demands. The economy is now recovering, mutual funds are now climbing again and many of those who delayed their retirement are now in a position to do so. Retirees on the California Coast in Orange, San Diego and Los Angeles are selling their homes and looking for 'elder nests.' This has stimulated the

construction of new homes in resort and retirement areas and Twentynine Palms is at least in part a beneficiary of this. We may issue as many as 130 permits for new housing this year. That would bring us up to a low moderate rate of 2%. Yucca Valley is on track for issuing 240 new starts this year and the Coachella Valley is looking at more than 1200. For Twentynine Palms the economy has returned to normal after a hiatus of the decade plus between Gulf War in 1991 and the beginning of recovery in 2003.

The only shadow we see on the economic horizon currently is the increasing cost of oil. At \$50 per barrel, we believe that it will have a profound effect on the disposable income of California households and negative impacts on 'tourist' communities like ours because gasoline will be increasingly unaffordable. The pricing trend is upward. In a simple supply and demand scenario it is clear that China and India are coming on line as industrial societies... 2 billion more customers on the world market. Their purchases, added demand, are already driving up the cost of cement, lumber, copper and other construction materials. Increasing oil costs could have a real chilling effect on our city's rebounding economy... everything transported to market, including tourists with their disposable incomes will be impacted. Increased demand on static supply can only result in higher prices. The increase in oil cost could be the equivalent of raising the prime rate several points. Our local economy in 29 is very dependent on inexpensive fuel. Additionally, the city's energy, fuel, cost of streets maintenance etc is directly related to the cost of oil. Twentynine Palms recovery could soften and fizzle.

Land Inventory - Just as we are not experiencing a 'building boom,' so are we also not running out of land for development. At 58 square miles, Twentynine Palms is larger than San Francisco's 47. Our population is approximately 28,000. San Francisco's is 750,000. The General Plan has provided a significant amount of land in each of the land use classifications, enough to satisfy the community's growth for decades.

The below is a summary report on the General Plan, Zoning, Distributions and densities, rezonings and intensifications of use for the Council, Planning Commission and Community Development Department.

The City has 11,865 acres of land zoned Single Family Residential (SFR), including one acre estate zoning). We did a quick analysis to determine vacant land inventory:

A. We currently have more than 1500 single family residential lots available for infill at or near the City' center.

B. As to an estimate of vacant unsubdivided land in the City's inventory:

1500 acres of land zoned SFR-4 units per acre, (6000 potential units)	
200 acres of land zoned SFR-3 units per acre, (600 potential units)	
600 acres of land zoned SFR-2 units per acre, (1200 potential units)	
500 acres of land zoned SFR-1 units per acre. (<u>500 potential units</u>)	
Subtotal	8,300 units
Add	<u>1,500 units infill</u>
C. Total	9,800 units of Single family residential

We are currently issuing approximately 10 new single family building permits per month and have enough supply to last City 980 months or 81 years at the current rate of growth. The vacant land above, netting 9,800 units, at 2.839 persons per household will enable the City to grow by another 27,822 persons, thus nearly doubling our current population.

Rezoning any existing residential land use classifications appears unnecessary. We have sufficient inventory. Staff determination is that we have sufficient land inventory to last several decades.

Additionally, the City has 15,960 acres of Rural Living (1 unit for 1, 2.5 or 5 + acres), 957 acres of multifamily residential, and 2,435 acres of open space residential. All of the above residential land uses including SFR will contain a future Twentynine Palms community of about 101,000 persons at build-out of the General Plan. We do not see build-out of the General Plan before the year 2050 and at the current rate not until after the beginning of the 22nd century.

Intensification of Land Uses by Rezoning - The purpose of this analysis was to determine if the City should consider intensification of land uses by rezoning so as to satisfy demand. Our conclusion is that 1. we have sufficient land and, 2. rezoning is *not* necessary and may be detrimental to the City because land outside of the City core slated for less intense development if rezoned could generate more traffic and demand for water, and would extend the need for public services to areas where it is not planned. Development of this order could have a profound effect on community character. In general, intensifications by rezoning should be discouraged.

Limitations on the development of some of the existing residential land such as location in the 'flood zone' are minor and not influential. Building pads need only be elevated to or above the flood plain, soil can be imported and can be graded. Other limitations such as price, profit, or whether there are 'properties for sale' are market forces and it would be very undesirable for the City to try artificially control a housing market that is of statewide proportion. The market itself responds to market forces.

Rezoning low density land to higher densities increases the value of the property. Its subsequent subdivision further increases its value. Under these circumstances values can increase several hundred percent without anything being built. It is natural and proper for developers to seek profit in this way. However, land is not constrained in Twentynine Palms and creating additional density in the community could go beyond the balance of land uses in the General Plan. The community since early settlement has traditionally been one of open spaces, low density. The character of Twentynine Palms is to be big and open and have desert right into the downtown. Rezoning could change the character of the City beyond the changes in the General Plan that will already take it to be a City of 100,000.

Recommendation We recommend that the City Council's Policy or 'default mode,' should be 'no residential re-zonings.'

Exception: exceptions to residential rezoning that might merit the Council and Planning Commission's consideration would be a project where the development provided additional assets to the community at no cost to the public. The development of a golf course and hotel resort complex in the central core of the City or new City park in an area where future demand would warrant, could be incentives where it might be worthwhile to trade a slight increase in density for the dedication and development of a community amenity if the development was in keeping with the long term goals of the General Plan and Strategic Plan. This could also be true of developing multifamily housing in or near our downtown.

Attached please find background data and tables excerpted from pages 23, 24, 25 of the Land Use Element of the General Plan.

<http://www.ci.twentynine-palms.ca.us/genplan.html>